

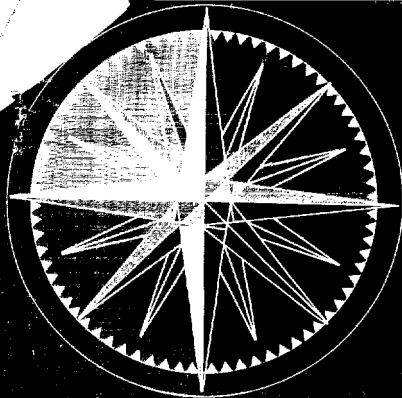
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19 June 1964

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WEEKLY SUMMARY

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The Communist World

RUMANIAN-SOVIET RELATIONS WORSEN

Recent pronouncements from Bucharest and Moscow suggest that no improvement in relations resulted from the talks between Soviet and Rumanian leaders in the USSR from 26 May to 9 June. The talks probably covered, among other questions, Rumania's neutral position in the Sino-Soviet dispute, which Moscow recognized on 28 May by not listing the Rumanian party among the 53 Communist parties supporting the Soviets. Since that time there have been critical public exchanges between the two countries, and American officials in Bucharest predict that more acrimonious exchanges may follow.

A 30 May Soviet broadcast to Rumania implicitly criticized Bucharest's failure to cooperate closely with other Eastern European states in economic affairs. Rumania on 5 June replied publicly that the Russian comments--some of which were equally applicable to the Chinese--were "erroneous and would disorient the listeners."

A few days later, Bucharest took vigorous exception to a proposal in an obscure Soviet academic publication for the establishment of a lower Danube production complex, including parts of Rumania, Bulgaria, and the USSR. Bucharest charged that the plan was "designed to dismember Rumania's unity as a nation and state." It also hinted for the first time at possible Soviet economic reprisals against

the Galati Steel Combine and Bucharest's preparations to counteract them.

At the UN Conference on Trade and Development, Rumania has differed with the bloc in voting on certain issues such as aid to underdeveloped countries. One Rumanian delegate reportedly said that "we already regard ourselves as number 76 of the 75 underdeveloped nations."

Meanwhile, encouraged by its recent talks with the US, Rumania has been pursuing its policy of expanding relations with the West. Rumanian representatives abroad have been instructed to extend feelers to such organizations as GATT, the International Monetary Fund, and the World Bank. Rumania's interest in these groups seems somewhat more sweeping than that of the other Eastern European countries.

The Rumanians, anxious to ensure their independent position, have also made overtures to the Balkan countries in recent weeks. Bucharest has urgently invited Tito to visit Rumania sometime this summer--he has reportedly accepted--and Rumanian leader Gheorghiu-Dej reportedly will visit Bulgaria this September. In addition, Bucharest has suddenly taken steps to improve relations with both Greece and Turkey.

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The Communist World

MOSCOW MOVES TO BOLSTER EAST GERMANY'S ULBRICHT

The Soviet - East German Friendship Treaty signed in Moscow on 12 June and the red-carpet treatment given to East German party boss Ulbricht make it clear that the primary purpose for his "state" visit was to strengthen East Germany's international position.

Khrushchev's unprecedented advance notice to the US, Britain, and France was intended to reassure them that the treaty would not affect existing Western rights in West Berlin. Along with this reassurance, however, the messages to the Allied capitals reflected Khrushchev's concern to prevent the West from portraying the treaty as retreat from long-standing Soviet demands for a German peace treaty and a change in the status of West Berlin. Both the treaty and the subsequent 13 June joint communiqué endorsed these demands.

With the exception of Albania, East Germany until now has been the only East European state with which the USSR has never signed such a treaty of friendship. The new treaty guarantees the "inviolability" of the frontiers of the "German Democratic Republic" and pledges the Soviet Union to "undertake all necessary measures" to defend it against "the forces of militarism and revanchism."

Throughout Ulbricht's visit, Khrushchev laid heavy emphasis

on East Germany's sovereignty and independence. The joint communiqué hailed its Christmas pass accord with West Berlin and stressed that more such agreements should be concluded. The East German negotiator for East - West German interzonal trade recently asserted that Ulbricht's return from Moscow will be followed by measures "which will greatly surprise and please West Germany."

The joint communiqué gave special emphasis to economic relations. During the visit, long-term trade plans were discussed in detail and a considerable increase in trade over the next five-year plan period was agreed upon. Priority is to be given to chemical industrial deliveries from East Germany.

Khrushchev and Ulbricht may also have agreed on further moves regarding the German problem in the context of European security, including proposals for limitations on the armed forces of both German states. There is some indication that one of the first steps may be a withdrawal of some Soviet troops from East Germany. Such a move probably would be intended both as a demonstration of Moscow's confidence in the stability and security of the Ulbricht regime and as a means of enhancing the appeal of future diplomatic proposals dealing with East-West force reductions and limitations in Germany.

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The Communist World

The treaty and communiqué noted that the three Western powers are still bound by the Potsdam Agreement and other post-war four-power arrangements to eradicate "German militarism and Nazism" and to prevent German "aggression." The communiqué renewed Moscow's insistence in recent months that any European security arrangements must

include a reduction in West Germany's armed forces. It contended that reductions in Bonn's forces and armaments and the establishment of "international control over military production" in the Federal Republic must be implemented in accordance with the Potsdam Agreement and Nazi Germany's unconditional surrender.

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The Communist World

CZECHOSLOVAKIA OUTLINES NEW ECONOMIC PROGRAM

Czechoslovakia's long-awaited reform program to stimulate the economy after more than two years of stagnation now has been outlined for the public. It may bring some improvement, but basic economic difficulties will remain for some time.

Although economic necessity has dictated adoption of some reforms proposed by liberal critics, the Novotny regime clearly does not intend to accept a weakening of central direction of the economy. At most, producers will have slightly more latitude in administration and a more direct role in domestic and foreign sales. In the international sphere, the main emphasis is on "a gradually closer relationship" with the Soviet economy.

The program features improved technology, quality, and greater responsiveness to customer needs. To this end, 180 plants are to be closed this year and 16,000 employees transferred to more modern facilities. Plans for closing 90 more plants next year have been criticized as "inadequate." Some 35,000 administrative personnel are to be dropped this year, and enterprises will be given incentives to make further reductions.

Top priority in the next five-year plan (1966-70) will

be given to advanced branches of machine building (such as electronics), chemical fertilizers, chemical fibers, and high-quality steels, and a major effort will be made to increase agricultural production.

Greater emphasis is to be given to economic criteria in planning, and the State Planning Commission is being reorganized to focus on long-range planning. Enterprise earnings will have a greater effect on wages and bonuses. Prices are to be generally more flexible and more closely related to supply and demand, but the details of price changes are not yet clear. Sizable sums earmarked for raising wages and bonuses in agriculture, transport, and certain branches of industry this year may largely offset rent increases and cuts in social benefits announced a few months ago.

The announced reforms are along the same general lines as those being introduced or considered elsewhere in the bloc. They could, in time, improve economic performance, but only if the changes are administered effectively and if party interference in management is minimized.

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Asia-Africa

DIPLOMATIC MANEUVERING ON LAOS

Neutralist forces in Laos have had only limited success in countermoves against Pathet Lao positions northwest of the Plaine des Jarres. The fighting--consisting mainly of artillery exchanges--remains centered in the area of Phou Kout, a key hill near Route 7 which commands the approaches to Muong Soui, the neutralists' current headquarters.

Neutralist ground activity has been supported by intensive bombing and rocket attacks against Pathet Lao positions by the government's T-28 aircraft. The Laotian Air Force, which has only 14 of these aircraft, has been increasingly active, flying well over 300 sorties since the outbreak of fighting in mid-May.

On the diplomatic front, Premier Souvanna on 15 June called for talks with Pathet Lao chief Souphannouvong "as soon as possible" in an effort to ease the crisis. He said the situation was growing "dangerously worse," and suggested that the talks be held in a neutral city outside Laos, possibly Rangoon, New Delhi, or Zurich.

Souphannouvong's reaction is not yet known. Although in the past he has favored such "summit" meetings among factional leaders, he stated this week that only a full-scale inter-

national conference could achieve a Laos settlement. Any meeting of the Laotian leaders, he indicated, must be held in Laos, and should be primarily for the purpose of forming a unified delegation to a conference. The Chinese Communists have supported this approach, and have indicated that the International Control Commission and the Geneva co-chairmen--Britain and the USSR--should facilitate it.

Moscow appears to be backing off in its support of the Polish proposal for a six-nation "preparatory" conference. Peiping and the Pathet Lao have made clear that this type of "partial" conference would be worse than useless, and Hanoi has also indicated its strong preference for a full-scale "Geneva" conference. Soviet negotiations with the British in Moscow concerning the preliminary conference have bogged down, with Moscow making no attempt to suggest alternative wording for the proposed co-chairmen note. British Ambassador Trevelyan feels that the Soviets have "virtually dropped" the Polish conference proposal.

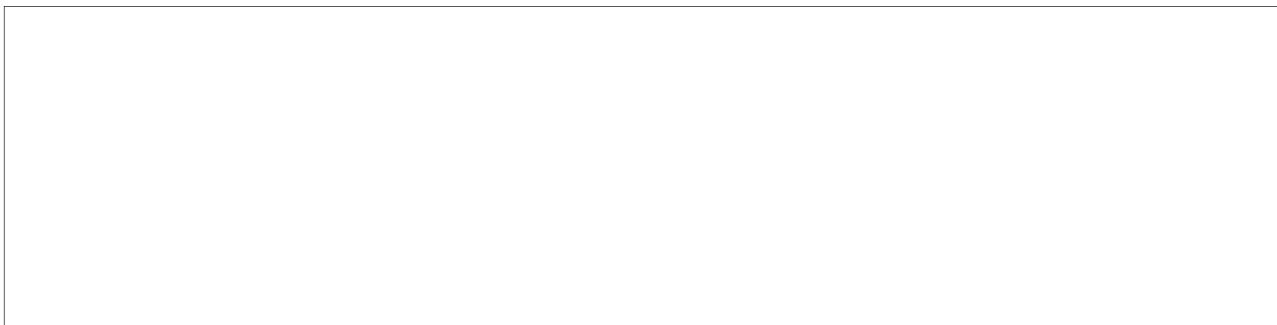
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Asia-Africa



VIET CONG ACTIVITY RISES IN SOUTH VIETNAM

Communist insurgent activity in South Vietnam, on the decline in May, has increased sharply with the advent of the monsoon season.

Following a three-week lull, Viet Cong incidents rose abruptly in the week ending 13 June. There were 615 incidents of all kinds, a one-third increase over the previous week and the highest of any week since early March. The Viet Cong made 57 armed attacks, more than double the previous week's total.

In the most serious incident, a Viet Cong force of battalion strength overran a district capital 10 miles west of Saigon on 17 June for about three hours. This was the first such action since mid-April. Ten other Viet Cong attacks employing forces of approximately one to two companies have occurred since 8 June, most of them in the delta area around Saigon and in the

coastal plains in the north. This is the greatest number of large-scale Viet Cong attacks in any single month since last November.

Government military activity, however, has increased only slightly, primarily in small-unit operations. Pacification efforts are still in the planning stage in many provinces, and there has been little or no improvement in security conditions or governmental control in the critical areas around Saigon.

Indications of an impending major governmental reorganization by Premier Khanh, and continued dissatisfaction among top civilian and military officials appear to have increased tension in Saigon and revived rumors of coup plotting. Although there still is no firm evidence of a specific threat to Khanh, political restiveness continues to complicate the counterinsurgency effort.

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Asia-Africa

MALAYSIA ISSUE GOES TO TOKYO CONFERENCE

A new round of talks between the leaders of Malaysia, Indonesia, and the Philippines is under way in Tokyo, but prospects for a definitive settlement appear as remote as ever.

A compromise agreement reached between Indonesia and Malaysia on withdrawal of Indonesian guerrillas from northern Borneo helped set the stage for the tripartite talks. The withdrawal, being verified by Thai checking teams, will be paced by progress at the Tokyo conference. Philippine President Macapagal, who is anxious to ease tensions over the Malaysian dispute, is proposing the creation of a four-man Afro-Asian commission--which would recommend a binding settlement.

Sukarno appears to anticipate that the Tokyo talks will

break down. In any case, Indonesian infiltrations into Malaysian Borneo continue.

The Indonesian infiltrations have resulted in a flurry of clashes during the past several days.

"The second bloodiest clash of the Borneo campaign" took place on 13 June approximately eight miles inside Sarawak, according to press reports from Kuching. The following day, Malaysian security forces ambushed a group of at least 15 guerrillas inside Sarawak.

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Asia-Africa

BURMA KEEPS ON LEFTWARD COURSE

General Ne Win's regime is pushing ahead with socialization of Burma's economy and continuing to withdraw from foreign contacts, while the chronic insurgency of minority ethnic groups is causing increasing trouble.

During the last six months the Burmese economy, apart from agriculture, has been almost completely nationalized at a pace that even Communist diplomatic observers think was too fast. The lack of technically trained personnel to operate the system has contributed to maldistribution and shortages of consumer goods.

In agriculture, which employs more than 70 percent of the population, the government has assumed full control of marketing and financing, and it is trying to establish cooperative tractor and farm implement stations throughout the country. There is no sign that more direct measures are planned.

The regime has also moved to tighten its control over the minds and loyalty of the people. It recently announced a new socialist-oriented higher education system using the class warfare formula. It has imposed a

new law calling for the regimentation of labor; workers have been told they must no longer be hostile to management, which in most cases has become the government.

As to foreign affairs, while generally isolating itself and following a neutral policy line, Burma has let it be known that it prefers technical and educational assistance from "fraternal" socialist countries of the Soviet bloc. The last major Western aid project, the US-assisted Rangoon-Mandalay highway, was terminated last month at the request of the Burmese. Indians and Pakistanis whose property has been nationalized continue to leave the country.

Large-scale insurgency continues in the Kachin and Shan states. The Kachin Independence Army has control of Kachin outside of garrison towns, and evidently operates in increasingly large groups--now up to 500 men each. The rebel movements still affect less than 10 percent of Burma's 23 million people, however. As long as insurgency remains confined to ethnic minority areas, it does not seriously threaten the regime.

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Asia-Africa

MARXISTS BROUGHT INTO CEYLONESE GOVERNMENT

Prime Minister Bandaranaike of Ceylon last week broadened her government by bringing three Marxist leaders into the cabinet, but resulting political repercussions will severely test this alliance in coming months.

Although Mrs. Bandaranaike now has increased her narrow majority in Parliament by adding the followers of her new coalition partners, she faces the renewed danger of a split in her own party, where many moderates are bitter over the new arrangements. One cabinet minister has already resigned, and a backbencher has defected. A number of other members of Parliament--including several additional ministers--had threatened to bolt the party if Marxists were brought into the government. They may yet cross the aisle and bring down the government, particularly if deteriorating economic conditions continue to erode the government's popular support.

The Lanka Sama Samaja Party (LSSP), from which the three new Marxist ministers were drawn, is itself split over the coalition

arrangement. Most LSSP members support party leader N.M. Perera --the new finance minister--in his advocacy of seeking full-scale socialism by parliamentary means. A group of militant dissidents, however, calls for a more revolutionary approach which precludes cooperation with the present government. At least two of the 14 LSSP members of Parliament probably will continue to vote with the opposition. Furthermore, since these militants also control the LSSP labor front--the country's largest urban labor grouping--they are in a position to register their grievances through renewed labor disorders, one of the government's major problems.

Mrs. Bandaranaike's first trial of strength will come in the budget session of Parliament, convening next month. Her gains in parliamentary strength, although precarious, are likely to carry her at least through the budget vote. Thereafter, political attention will turn to maneuvering with a mind to the next general election, which must be called before August 1965.

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Asia-Africa

CYPRUS DISPUTE ENTERS DIPLOMATIC PHASE

Only isolated incidents occurred on Cyprus throughout most of the past week, as the attention of both the Greek and Turkish communities turned toward Washington. The anticipated visits there of Prime Ministers Inonu of Turkey and Papandreou of Greece before the end of the month have revived interest in the possibility of a negotiated settlement. Turkish Foreign Minister Erkin even termed the Cyprus situation "less critical" and expressed hope that it is moving into a "diplomatic phase."

The UN mandate on Cyprus appears likely to be extended by the Security Council for another three months with no significant changes. General Gyani, the present commander of UN forces there, will be replaced by another Indian, General Kodendera Thimayya. The British troop contribution to the UN contingent will be further reduced if and when Dutch troops join the force.

One possible complication to future negotiations arose, however, with the announcement by the various opposition parties in Turkey that they would not support Inonu's minority government in a vote of confidence on the Cyprus issue scheduled for

19 June. While many opposition deputies are expected to abstain and it appears unlikely that the government will be defeated outright, a vote of confidence by only a minority of parliament could severely restrict Inonu's freedom to engage in meaningful negotiations regarding Cyprus.

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On 17 April the relative lull in intracommunal combat ended when heavy fighting broke out in the Kokkina area of western Cyprus. As of noon on 18 June the fighting was still going on.

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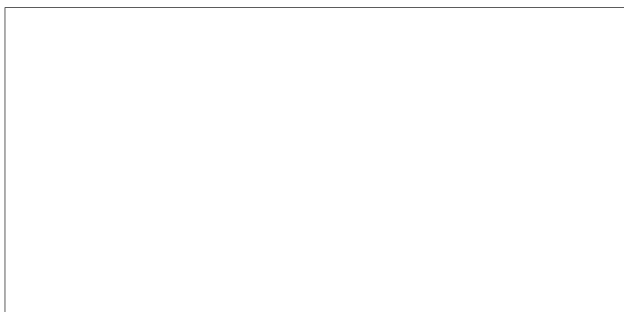


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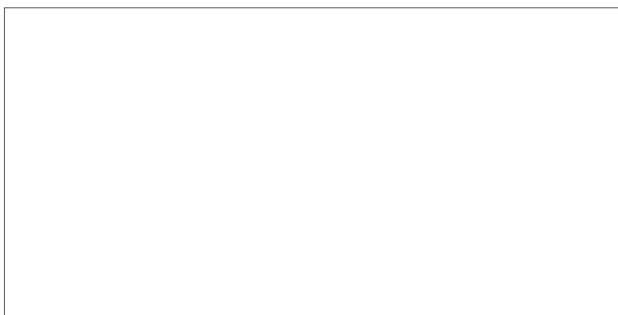
Asia-Africa

POLITICAL AND MILITARY SPARRING CONTINUES IN CONGO

Political maneuvering in the Congo centers on who will be the new prime minister. President Kasavubu must appoint one by 30 June, when the mandate of the present parliament expires under the interim constitution.



Tshombé, in self-exile in Europe for a year, has been attempting to rally all major Congolese forces in opposition to the Adoula government. Since December the former Katanga leader has been advocating a "government of national reconciliation," to include elements of the left.



Tshombé already has some support within the present Congolese Government, and apparently is angling for a leading

position in the newly formed opposition group, the African Democratic Committee. The Belgians--who considered Adoula ineffective--may now be sympathetic to Tshombé's ambitions to the extent of providing him with some support.

In Kivu, meanwhile, Congo National Army (ANC) troops have rallied for the moment from their near collapse, and are conducting a higgledy-piggledy offensive against the rebels. Because of the low quality of troops involved, however, substantial or lasting success is probably unlikely.

Another rebellion appears to be developing in North Katanga, some 60-100 miles to the south. Rebels apparently have seized control of several towns north of Albertville and are engaging ANC units in the region. Because of the paucity of ANC reserves, it is improbable that the government can handle this new outbreak, or prevent its spread to other disaffected areas.

To shore up the faltering ANC and replace UN soldiers who are departing by the end of the month, Adoula has been negotiating for troops from friendly African states. He has been unable to obtain any commitment so far, however, and prospects are slim.



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Europe

DE GAULLE SHOWS NO SIGN OF SLOWING DOWN

At the end of a strenuous four-day tour of Picardy, French President de Gaulle appeared in good health and was obviously buoyed up by the warm reception accorded him. The main theme of his many public appearances was the need to assure France continued political stability. His references to his own role have generally been viewed as tip-offs that he intends to seek another term, but it is still doubtful that he has made a final decision.

Some of the French press has speculated that De Gaulle's concern over stability may result in a constitutional amendment to eliminate the president of the Senate from the presidential succession, and make the premier next in line. A presidential staff officer told the embassy last April that the

question of immediate succession was extremely important and suggested that such an amendment was "not impossible."

On international issues, De Gaulle repeatedly stated that France must avoid becoming anyone's "protectorate." He also called again for the neutralization of Southeast Asia and "recommended" that foreign forces be withdrawn from that area.

In part, the trip was viewed as a test to determine whether De Gaulle's health would permit the long tour he is scheduled to make in South America this fall. Although his doctors advised against it, De Gaulle has announced his intention to visit all ten countries on the original itinerary--beginning in late September.

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FRENCH OVERTURES TO SPAIN

French Foreign Minister Couve de Murville's recent visit to Spain put the spotlight on increasing French-Spanish collaboration in many fields, and implies a French intention to line up Madrid behind De Gaulle's concept of European unity.

A mixed commission meets in a few weeks to make feasibility studies of projects that will be financed by the \$150-million credit

Paris granted Spain last November. Electrical, iron, and steel industries seem likely to be the beneficiaries.

Paris is also said to have offered to build a nuclear power plant in Catalonia to service both Spain's industrial north and southwestern France. French investors, meanwhile, are considering constructing refineries at Barcelona and Bilbao, and an agreement on oil cooperation is expected soon.

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Europe

Also, Paris and Madrid recently reached agreement on the establishment of a jointly manned telemetry receiving station in the Canaries that will be a part of the French satellite program.

All this is symptomatic of a gradual drawing together by the two countries in the past year or so. The most striking indication of this is De Gaulle's support for giving Spain some form of associate status in the Common Market.

Efforts to win Madrid's good will probably reflect Gaullist feelings that Europe's future development must be viewed in a context wider than the comparatively narrow confines of the Common Market. Couve de Murville, for one, may have been alluding to this when he told

the National Assembly in April that "developments toward the political union of Europe are unavoidable" and that "perhaps the first will manifest themselves outside the Six when certain positions are clarified." These remarks are in line with De Gaulle's well-known view that the path to a united Europe must begin on the modest basis of a confederal arrangement in which existing nations retain their individual identity.

Franco has made no secret of his receptiveness to French initiatives. He told a West German newspaper in May that De Gaulle's aspirations to create his own nuclear deterrent are justifiable and that "De Gaulle's idea of a 'Europe of Nations' is more realistic than a parliamentary European system."

NEW PROGRESS TOWARD EUROPEAN AIR UNION

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A significant advance toward the establishment of the long-projected European airlines consortium, to be known as Air Union, was made in Brussels last week when representatives of France, West Germany, Italy, and the Benelux states agreed to prepare a draft convention for submission to their respective governments. Cooperation among the Six in civil aviation could be a first step toward the EEC's common transport policy.

The Brussels agreement probably indicates that member countries reached compromises on the thorny issues involved, at least in general terms. In past negotiations the most difficult problem has been the allocation of air traffic among the carriers--Air France, Lufthansa, Alitalia, Sabena, KLM, and Luxair. The Dutch, in particular, who re-entered the talks this year after

having walked out in 1959, have balked at what they consider too small a share. The Italians have been reluctant to see their original share of the pool decreased in the reallocation made necessary by the accession of KLM and Luxair. An official of Sabena has indicated, however, that a complicated formula now being considered may resolve the dilemma.

It is not yet clear how specific a preference for European equipment may be written into an Air Union convention, although the eventual EEC common external tariff could in any case favor such procurement by the consortium. There are already rumors that France would support the Dutch on revenue allocation in return for a KLM commitment to buy French Caravelles. An Air Union agreement might also further stimulate interest in the Anglo-French Concorde, Europe's entry in the supersonic transport competition.

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Europe

POLITICAL DEVELOPMENTS IN FINLAND

President Kekkonen's unsailable power position in Finnish politics was reaffirmed on 13 June when his candidate, Johannes Virolainen, was elected chairman of the Agrarian Party over the long-time incumbent, Vieno Sukselainen.

Virolainen won by a narrow margin after a protracted and occasionally heated debate at the party's biennial congress. His supporters made clear that Kekkonen wanted him elected, and stressed the need for complete support of the official foreign policy of Finnish-Soviet friendship, as well as the need for "younger party leadership." Sukselainen is 58, Virolainen is 50.

Kekkonen had been anxious for some time to oust Sukselainen from the post he had held since 1945, and install a man more amenable to his own wishes. The former chairman's defeat came after the so-called K-liners--Kekkonen's closest supporters--maneuvered within the party to discredit him, and even made extensive use of a recent article appearing in Pravda alleging that Sukselainen did not support the Finnish policy of friendship with the USSR.

Sukselainen warned the congress against giving the elections any foreign policy significance. He also exposed the existence of an "election fund" used by the "K-liners" to back Virolainen's candidacy. A Virolainen supporter replied that the fund was legal and came "for the most part" from regular party sources, but the news of its ex-

istence surprised many delegates; one commented when the election results were announced that "money won."

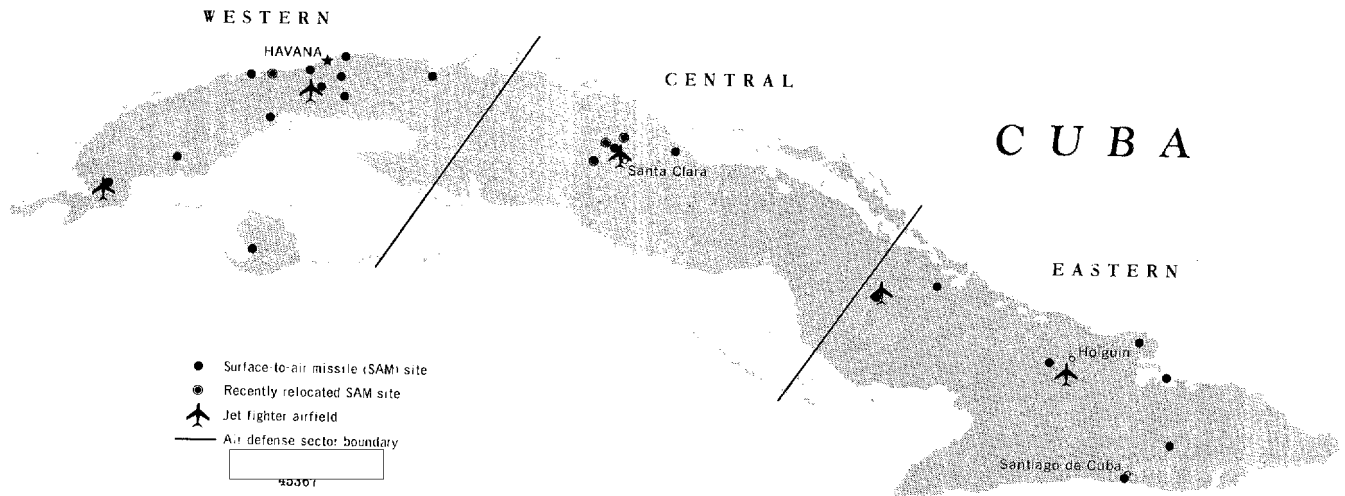
Several weeks before the congress, the Agrarians and other non-Socialist parties began negotiating to form a new government. Kekkonen is anxious to replace the six-month-old nonpolitical caretaker cabinet with an Agrarian-led majority government, but the summer adjournment of parliament makes canvassing the membership difficult, and may force postponement until the fall. The major obstacle in the current negotiations has been the Liberal Party's objections to the Agrarian proposal for distributing cabinet seats.

Meanwhile, the efforts by the Social Democratic Party (SDP) to reunite with the splinter Social Democratic League have failed, at least for the present. As a consequence, SDP prospects of making a strong showing against the Agrarians in the fall municipal elections have dimmed considerably.

The League had been expected to approve the final steps to rejoin the SDP, which it left in 1958, but some of the conditions of the merger proved unacceptable at this time. Moreover, League Chairman Emil Skog, who had led the negotiations for his party, lost his post to Aarre Simonen, who opposed immediate reunification.

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CUBAN AIR DEFENSE DEVELOPMENTS

Some 3,000 Soviet military personnel have probably been withdrawn from Cuba since 5 May on eight Soviet passenger ships. Two of the ships called at Santiago de Cuba last week and probably picked up most of the Soviet air defense personnel from the eastern part of the island. At least one other ship is en route.

As personnel leave, however, Soviet military equipment con-

tinues to arrive. New aircraft deliveries between 1 and 7 June bring Cuba's jet fighter inventory to 86 MIG-15/17s, 12 MIG-19s, and 40 MIG-21s, permitting an over-all improvement in fighter defenses. The new aircraft--23 MIG-17s--are at Santa Clara airfield. In addition, surface-to-air missile (SAM) defenses of the Santa Clara military complex were increased with the movement of three SAM sites to the area early this month.

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ARRESTS OF EXTREMISTS REDUCE VIOLENCE IN BRITISH GUIANA

The British governor's assumption of emergency powers on 13 June in violence-ridden British Guiana has resulted in the arrest and detention of more than 35 persons known, or strongly believed, to have been involved in terrorist activities. Interracial incidents continue, but British authorities now seem to have the situation under control.

With the arrest of certain extremists in Premier Jagan's party--including Deputy Premier

Brindley Benn, youth corps director Moses Bhagwan, and other activists--Jagan no longer has a parliamentary majority. He intends, however, to remain in office and try to get along by not calling the legislative assembly into session.

Jagan has appealed to UN Secretary General Thant to send a UN commission to investigate the detentions and also to probe the colony's political and industrial deadlock. This ploy is probably just another

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effort on his part to delay the elections under proportional representation scheduled for late this year. Registration for these elections was completed two weeks ago, but the results have not been analyzed. The

governor has stated that he is prepared to retain full powers if necessary until the elections are held. 25X1

TENSION INCREASES IN THE DOMINICAN REPUBLIC

The destruction of the Dominican Army's principal ammunition dump on the outskirts of Santo Domingo last week is the latest in a series of developments that have troubled the country's ruling triumvirate for the past several weeks. The explosion seriously reduced the army's strength relative to the other components of the armed forces, which includes the national police. So far, however, rival military groups have not exploited the army's sudden debility.

Although government and military leaders are publicly charging Communist sabotage with possible Cuban involvement, President Reid has admitted to US officials that he really has no idea who was responsible.

The incident provoked the government into quickly rescinding the inviolability of the

Autonomous University of Santo Domingo in order to search for suspected saboteurs on the campus. US officials fear that Dominican security forces investigating the explosion will overstep their powers and resort to repressive measures against the regime's political opponents. This could touch off trouble in other parts of the country. 25X1

The effect of these developments is to preclude any early return to constitutional rule. They also make it more difficult for the present military-backed regime to deal effectively with the country's mounting economic problems.

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HAITI READY TO INSTALL DUVALIER FOR LIFE

Francois Duvalier is expected to be inaugurated on 22 June as Haiti's president for as long as he lives. The Duvalier-for-life campaign, which appeared to slow down somewhat during late May, gained new momentum with a "popular referendum" on 14 June on a constitutional provision establishing his lifetime tenure in office.

Meanwhile, anticipation of a cabinet shake-up has touched off rumors of infighting within the group close to Duvalier. The most likely person to be dropped from the cabinet is Clovis Desinor, secretary of state for finance and economic affairs. It also appears that Paul Blanchet, secretary of state for information and coordination, is angling to have himself appointed to the interior and national defense post. Both Desinor and Blanchet are believed to have had connection

with Communist elements in the past, and both are anti-US.

Duvalier himself appears to be apprehensive about the possibility of unrest and has been shopping extensively for arms, first in Italy, then in Spain, and now in the US.

Furthermore, Duvalier has attempted to bolster his internal support by focusing attention on alleged aggression by the Dominican Republic. During the week of 8 June, he seized on Dominican Army maneuvers near the border area as an excuse to charge the Dominican Government with armed attack against Haiti.

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AREA NOTE

Colombia: Army troops reportedly have gained control of the Communist enclave of Marquetalia and have captured the headquarters of Communist forces led by bandit chief Tiro Fijo. These forces have lost only about ten men, however, and have retreated into high, rough terrain, apparently to make a last-ditch stand. Army officers

hope to hunt them down by means of helicopters, which were successfully used under similar conditions against bandits in the northern part of Tolima Department earlier this year. Meanwhile, civic action teams accompanying the army seem to be gaining the confidence of the people in the Marquetalia region.

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VENEZUELAN STUDENTS STRIKE

A student strike, now in its second week, at the Central University of Venezuela in Caracas remains completely effective, and so far there has been no violence.

The strike was called by the Communist-dominated student federation to protest a recent university regulation that students who fail examinations in two consecutive years will be expelled. Social Christian Party students are supporting the strike in an attempt to gain votes in student elections to be held from 17 to 25 June.

About 3,000 of the university's 18,000 students are affected by the ruling. This

includes many who have engaged in antigovernment terrorism and now stand to lose their academic sanctuary. Hence the Communists have threatened severe reprisals against strikebreakers. Moreover, should trouble break out and government forces intervene, there is a good chance that the Communists would retaliate by provoking violence elsewhere.

As the strike continues, student leaders and university authorities are under mounting pressure to reach a compromise settlement. However, the US Embassy in Caracas doubts that the strike can be ended without a "real defeat" for one side or the other. [REDACTED]

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URUGUAYAN PLURAL EXECUTIVE FACES MILITARY PLOTTING

The sluggish response of Uruguay's nine-man ruling council to a recent cabinet crisis has provided new ammunition to dissatisfied elements in the officer corps who seek a return to government under a single executive.

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cooperation of political leaders, there is little possibility that military plotters would bring off a coup except as a measure of last resort. Since these conditions have not yet developed, the military must generate political and popular support before it can move. Key man in the situation is Luis Giannattasio, president of the ruling

council, who is a strong advocate of a single executive. Another who is similarly inclined is onetime pro-Nazi Senator Eduardo Victor Haedo. If these men and others who favor an overhaul in the governmental system combine with the dissident military elements, the stage would be set for a major shake-up. [REDACTED]

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COSTA RICAN PRESIDENT ORLICH TO VISIT THE UNITED STATES

Costa Rican President Francisco Orlich Bolmarcich arrives in Washington on 30 June for an eight-day state visit.

Elected in February 1962 for a four-year term, Orlich is a leader of Costa Rica's liberal National Liberation Party which was founded by his close friend, ex-President Jose Figueres. A strong administrator with a capacity for hard work, the 57-year-old Orlich gets much of his support from conservative elements in and out of his party who respect him as an able executive. Despite his well-known personal and professional association with Figueres, Orlich has emerged a political leader in his own right.

Orlich needs US assistance in dealing with his country's deteriorating economic and fiscal situation. Declining world prices of coffee and bananas, its principal exports, coupled with a steady flow of imports

have resulted in chronic trade deficits since 1955. Moreover, Costa Rica has one of the world's highest rates of population increase, which is both eroding a relatively high per capita income and making it more difficult to finance a social welfare program.

Several natural disasters, including floods and the persistent ashfall from Mount Irazu, erupting since March 1963, have added to the country's economic difficulties. New floods and mudflows related to the ashfall on the volcano's slopes are likely to develop during the 1964 rainy season.

Orlich's efforts to deal with these natural and financial difficulties have been hampered by his party's weak position in the Legislative Assembly, where it is nearly balanced by the opposition. This situation is compounded by divisions within the country over the already large role the government plays in the economy. [REDACTED]

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